

Did Two Complementary Strategies Create a Better Core So Far in 2025?

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Key Takeaways

- After a volatile start to Q2 2025—including a sharp 12% S&P 500 drawdown and rapid rebound—the WisdomTree 50/50 blend of [QGRW](#) and [WTV](#) has shown strong resilience, balancing growth's upside with value's defensiveness.
- Despite a fast drawdown in growth stocks in Q1 2025, the [QGRW](#) and [WTV](#) blend highlights the benefits of strategic diversification across regimes.
- With a more balanced sector exposure and a dual focus on quality and valuation, the 50/50 core strategy is structurally designed to manage style rotations and market whipsaws—offering investors a durable long-term equity allocation.

Markets have staged a remarkable whipsaw since the start of the second quarter, with volatility itself becoming the most consistent signal. From a sharp 12% S&P 500 Index drawdown in early April following "Liberation Day"¹ tariff news to a near-complete snapback by early May, investors are being challenged to distinguish noise from signal.² Much of the recovery was driven by retail investors "buying the dip" in size—\$5 billion in a single day at one point—suggesting behavioral anchors remain firmly rooted in the post-COVID-19 liquidity playbook.³

Yet beneath the surface, there's a notable tension between resilient headline indexes and structural uncertainty. On the one hand, forward P/E multiples remain elevated at ~20.6x for the S&P 500, indicating investors are pricing in continued earnings strength.⁴ On the other hand, the macroeconomic mix—fragile trade negotiations, tariff-driven inflation risks and a Fed not apt to adjust policy quickly—introduces real downside optionality. We are in a classic environment where hope is doing the heavy lifting: hope that policy resolves favorably, hope that inflation doesn't reignite, hope that earnings deliver.

In this environment, investors are revisiting one of the oldest debates: growth vs. value. But 2024 already taught us that momentum alone—particularly in the Magnificent 75—comes with risk as valuation multiples stretch. Now, the start of 2025 is highlighting just how hard it is to pick a single "style winner." The Nasdaq 100's sharp recovery juxtaposed with strength in more cyclical or capital-return-oriented names shows that the market isn't choosing sides—it's rotating between stories.⁶

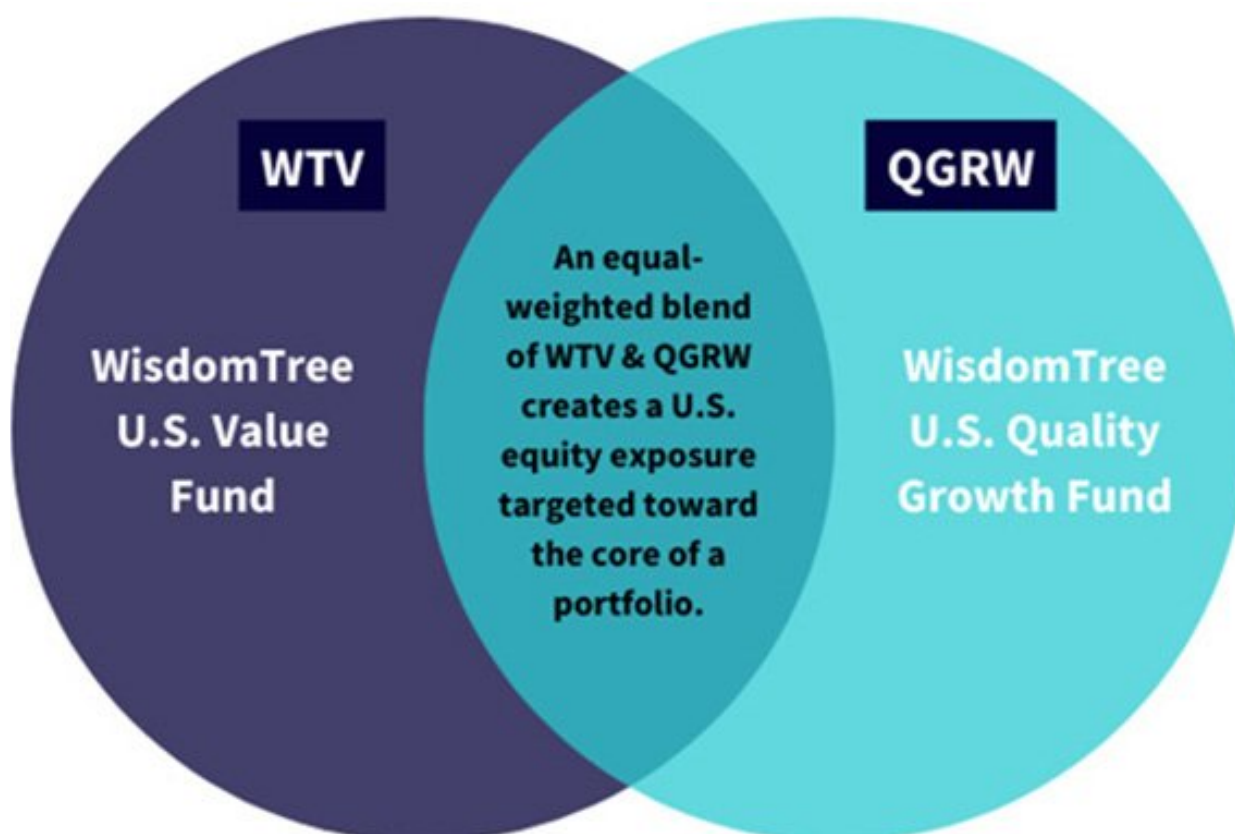
WisdomTree's Value and Quality Growth Strategies

To create the 50/50 core blend, we look to two specific WisdomTree strategies:

- **WisdomTree U.S. Quality Growth Fund (QGRW):** The strategy seeks to track the total return performance, before fees and expenses, of the [WisdomTree U.S. Quality Growth Index](#). This market capitalization-weighted strategy focuses on 100 companies that deliver particularly strong earnings growth and quality fundamental metrics. There is overlap with this strategy and the Nasdaq 100, but we believe in our more disciplined focus on selecting consistent quality growers instead of the venue where the stock has a primary listing for trading.
- **WisdomTree U.S. Value Fund (WTV):** The strategy seeks income and capital appreciation by investing primarily in U.S. equity securities that provide a high total shareholder yield with favorable relative quality characteristics. The Fund's objective changed effective December 18, 2017. Prior to December 18, 2017, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index.

The combination of these two strategies leads to a strong balance of sector exposures, attractive fundamental metrics and, while limited, a nice performance history.

Figure 1: Envisioning the 50/50 Blend



Source: WisdomTree

Figure 2: Standardized Performance

Blend/Fund/Index Name	Fund Ticker Symbol	Fund Expense Ratio	Fund Inception Date	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
Portfolio: 50/50 Allocation to QGRW & WTV (NAV)				-6.13%	8.80%	N/A	N/A	N/A	23.09%
WisdomTree U.S. Quality Growth Fund (NAV)	QGRW	0.28%	12/15/22	-10.73%	7.06%	N/A	N/A	N/A	27.77%
WisdomTree U.S. Quality Growth Fund (MP)	QGRW	0.28%	12/15/22	-10.76%	7.11%	N/A	N/A	N/A	27.78%
WisdomTree U.S. Value Fund (NAV)	WTV	0.12%	2/23/07	-1.13%	10.56%	12.21%	22.55%	11.37%	8.68%
WisdomTree U.S. Value Fund (MP)	WTV	0.12%	2/23/07	-1.17%	10.58%	12.14%	22.56%	11.36%	8.68%
S&P 500 Index				-4.27%	8.25%	9.06%	18.59%	12.50%	N/A
Russell 1000 Value Index				2.14%	7.18%	6.64%	16.15%	8.79%	N/A
Russell 1000 Growth Index				-9.97%	7.76%	10.10%	20.09%	15.12%	N/A

Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with returns as of 3/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. In the case of WTV, the Fund's objective changed effective 12/18/17. Prior to 12/18/17, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. **The performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances, click the relevant ticker: [QGRW](#), [WTV](#).**

Riding the Tailwinds of Strong Equity Markets

The period spanning 2023 to 2024 was defined by powerful equity market returns, with risk appetite favoring growth-oriented exposures. The Russell 1000 Growth Index led the charge—posting a 42.7% return in 2023 and another 33.4% in 2024—benefiting from both earnings resilience and expanding multiples, particularly among the mega-cap names. During these high-beta, pro-growth periods, the 50/50 allocation to [QGRW](#) (growth) and [WTV](#) (value) delivered strong absolute performance—up 39.0% and 29.4% in 2023 and 2024, respectively—effectively capturing much of the upside while maintaining structural balance. Notably, the blend also outperformed the S&P 500 Index in both years, signaling its capacity to participate in rallies without relying too heavily on the concentration risk embedded in pure growth.

What Happens When the Wind Shifts?

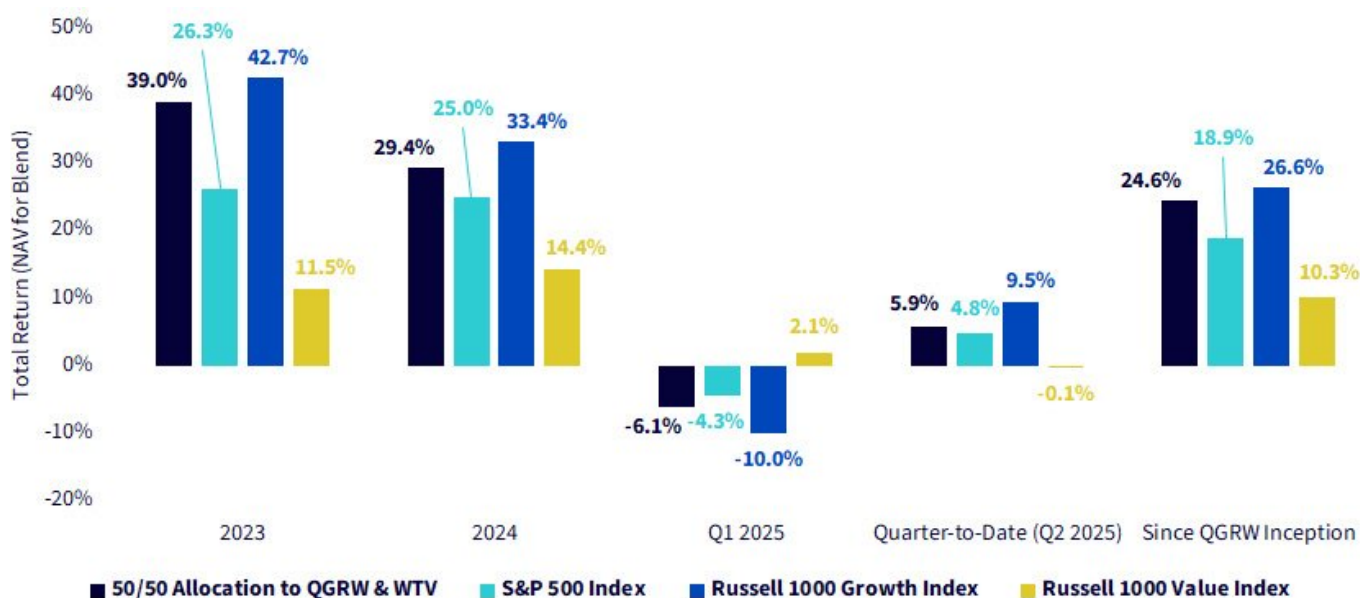
Q1 2025 marked a clear inflection point in market leadership. The Russell 1000 Growth Index, which had previously dominated, experienced a sharp -10.0% drawdown—dragging down broader benchmarks. The

Russell 1000 Value Index was able to deliver a positive 2.1%, and the blended [QGRW](#) and [WTV](#) allocation declined -6.1%. The story appeared to shift again in the early weeks of Q2 2025: growth rebounded slightly, and the blend recovered +1.4%, pacing ahead of both the S&P 500 and value. This pattern highlights one of the core principles behind the 50/50 design—reducing reliance on any single regime or factor and mitigating drawdowns that might follow outsized rallies.

Testing the Blend—Does It Deliver What It Promises?

Viewed over the full period since [QGRW's](#) inception, the data affirms the structural rationale of the blend. The 50/50 allocation has delivered a cumulative return of 23.0%, outperforming both the S&P 500 (17.4%) and Russell 1000 Value (9.9%), while closely tracking the performance of the Russell 1000 Growth (24.1%)—but with materially better downside protection during early 2025 turbulence. In essence, the blend is doing what it was designed to do—navigating across market regimes with discipline, participating in upside and softening the landing when conditions turn.

Figure 3: Resilience through Regimes: A Balanced Edge in Shifting Markets

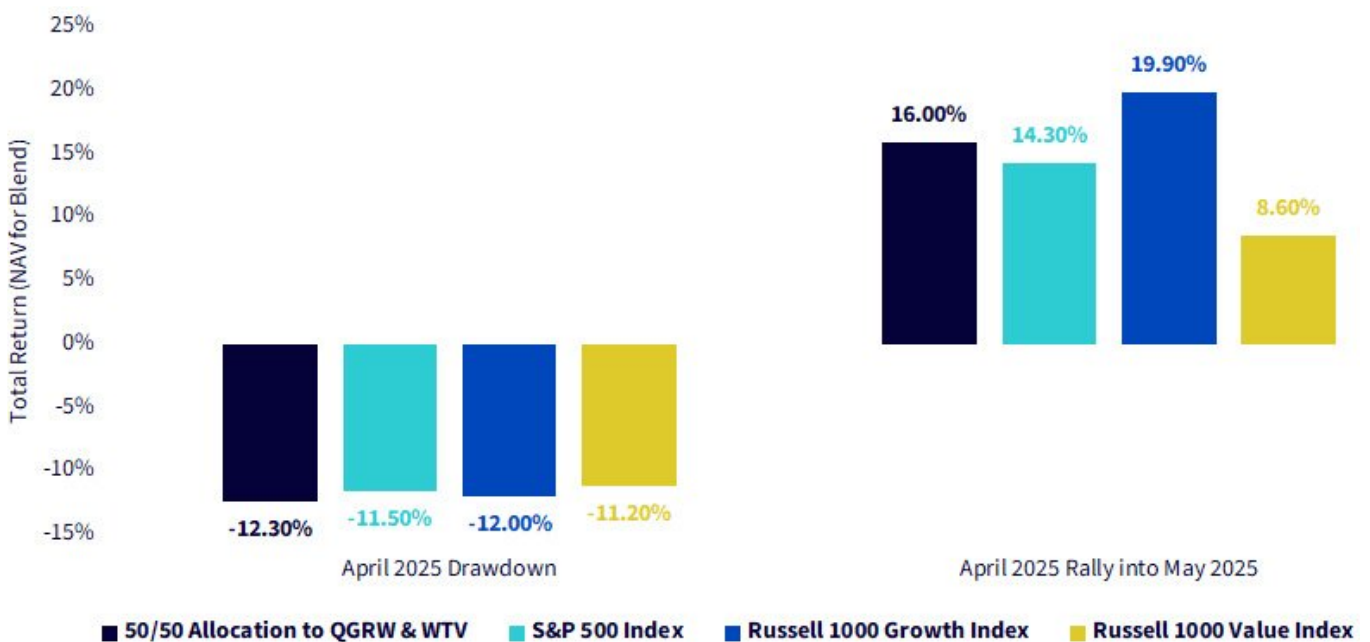


Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/29/25 with returns as of 5/28/25. QGRW inception is 12/15/22. NAV denotes total return performance at net asset value. In the case of WTV, the Fund's objective changed effective 12/18/17. Prior to 12/18/17, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index.

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The April 2025 tariff shock—and the rapid re-pricing that followed—offered a real-time stress test of market adaptability. Within weeks, markets flipped from defensive mode to recovery rally, underscoring how quickly the investment landscape can pivot from risk-off to risk-on. During the initial drawdown, all major indexes sold off in unison, but the 50/50 [QGRW](#) and [WTV](#) allocation experienced a slightly deeper decline (-12.3%)—a function of broad equity exposure rather than overconcentration in any single style. More importantly, as sentiment shifted and markets rebounded into May, the blended strategy responded with conviction: a +11.1% gain that exceeded the S&P 500 and outpaced value while still capturing the upside of growth's rebound. This episode highlights a key strength of the blend—not just balance over time but responsiveness across regimes, enabling investors to participate in both protection and pursuit without needing to time the pivot themselves.

Figure 4: The Equity-Market Whipsaw That Came from the Tariff Announcements

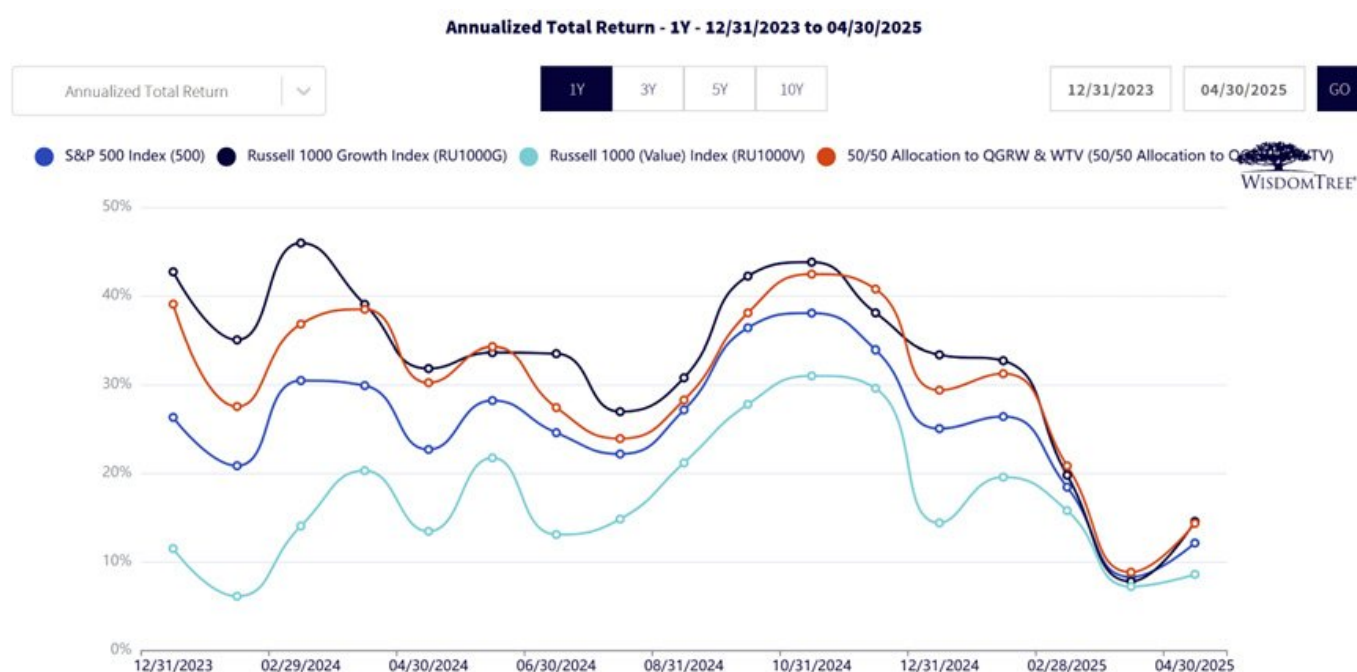


Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/29/25 with returns as of 5/28/25. QGRW inception is 12/15/22. April 2025 Drawdown: 4/1–8/25. April 2025 Rally into May 2025: 4/21/25–5/28/25. NAV denotes total return performance at net asset value. In the case of WTV, the Fund's objective changed effective 12/18/17. Prior to 12/18/17, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances, click the relevant ticker: [QGRW](#), [WTV](#).**

Rolling Returns Reveal Leadership Rotations—and the Value of Balance

Over the past year, rolling 12-month returns have highlighted sharp rotations in market leadership, with growth dominating much of the period before giving way to volatility in early 2025. The Russell 1000 Growth Index frequently topped the leaderboard, but its path was punctuated by abrupt drawdowns—underscoring just how fleeting momentum can be. Meanwhile, the 50/50 allocation to [QGRW](#) and [WTV](#) consistently tracked just below the growth benchmark, offering a smoother ride through market shifts. This chart (figure 5) makes a compelling case for structural diversification: the blended strategy stayed competitive during rallies, absorbed volatility with less severity and avoided the sharp drawdowns of more concentrated exposures. In a market where leadership can change quarter to quarter, having a built-in mechanism to balance offense and defense may be the most durable edge.

Figure 5: Rolling with the Market: Why Blended Equity May Be Built to Last

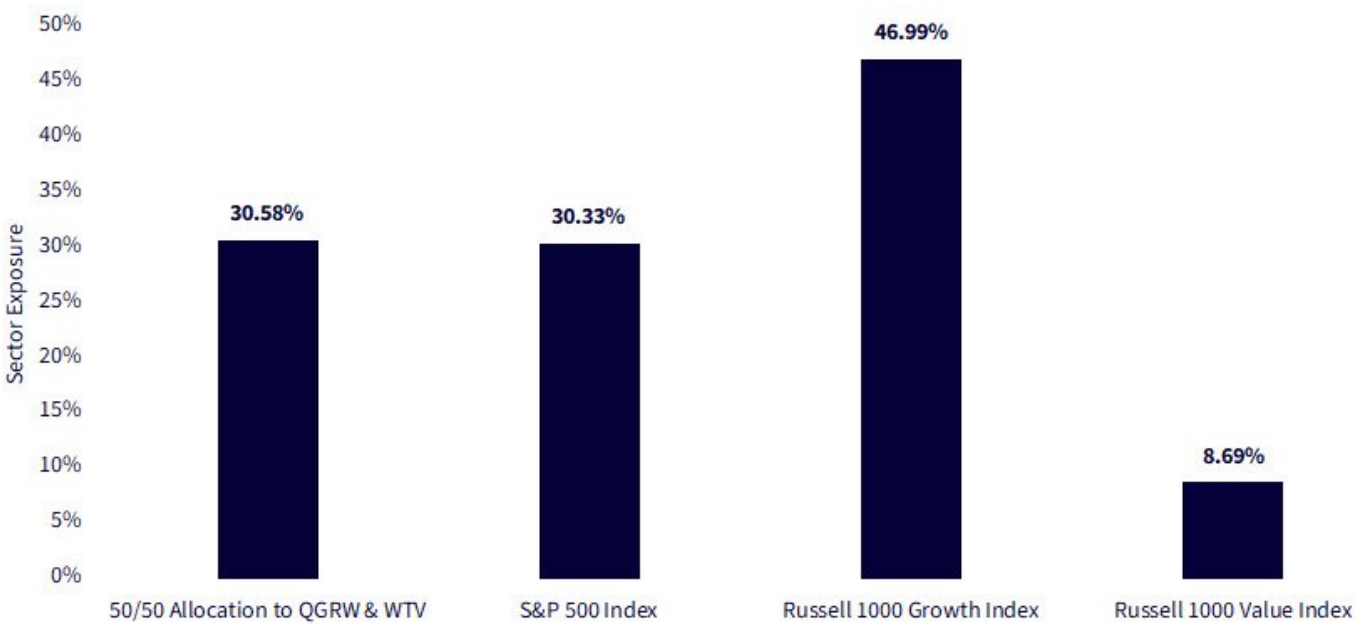


Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with returns as of 5/8/25. QGRW inception is 12/15/22. NAV denotes total return performance at net asset value. In the case of WTV, the Fund's objective changed effective 12/18/17. Prior to 12/18/17, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances, click the relevant ticker: [QGRW](#), [WTV](#).**

A Sector-Level Expression of Strategic Balance

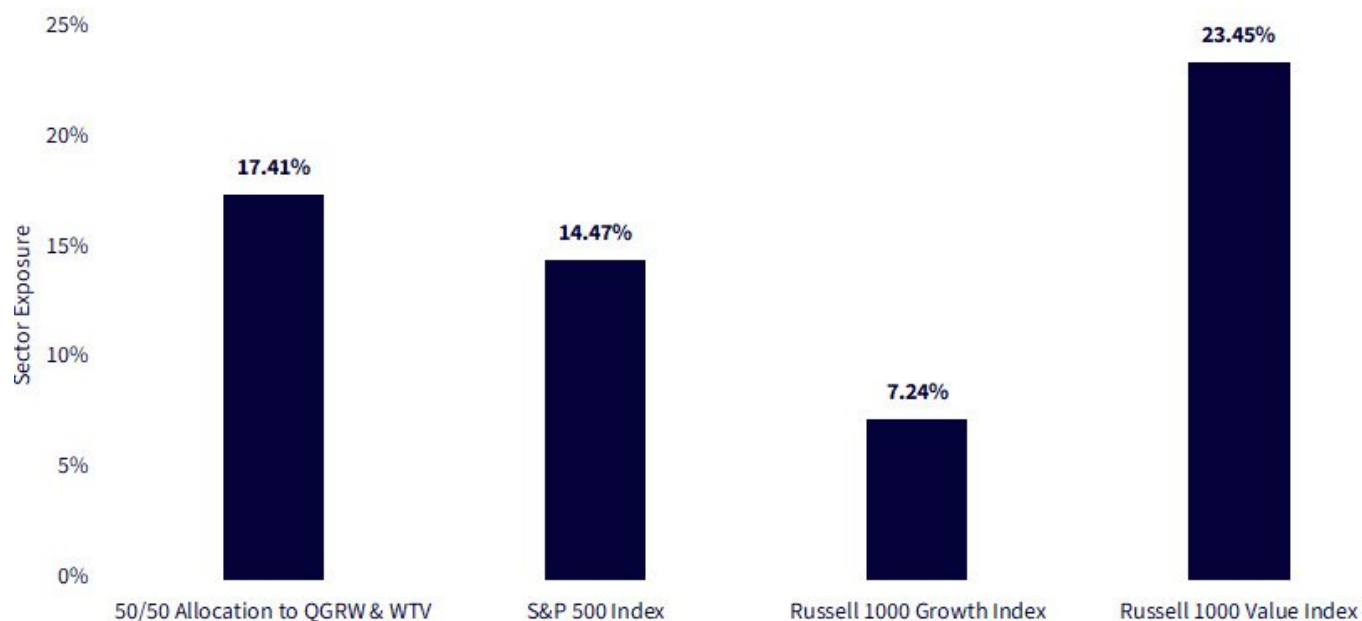
One of the clearest signals of balance in a portfolio is its sector composition—and here, the 50/50 allocation to [QGRW](#) and [WTV](#) stands out for its equilibrium. While the Russell 1000 Growth Index leans heavily into Information Technology at nearly 47%, shown in figure 6, and the Russell 1000 Value Index tilts sharply toward Financials at more than 23%, shown in figure 7, the 50/50 blend maintains moderated exposure to both: approximately 30.6% in Tech and 17.4% in Financials. This balanced profile contrasts with the concentrated sector bets seen in the growth and value benchmarks. For investors, this means the strategy isn't just a mathematical average—it's a deliberate positioning that reduces sector concentration risk and reflects a more structurally diversified core equity allocation.

Figure 6: Exposure to the Information Technology Sector



Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with exposures as of 4/10/25. **Subject to change.**

Figure 7: Exposure to the Financials Sector

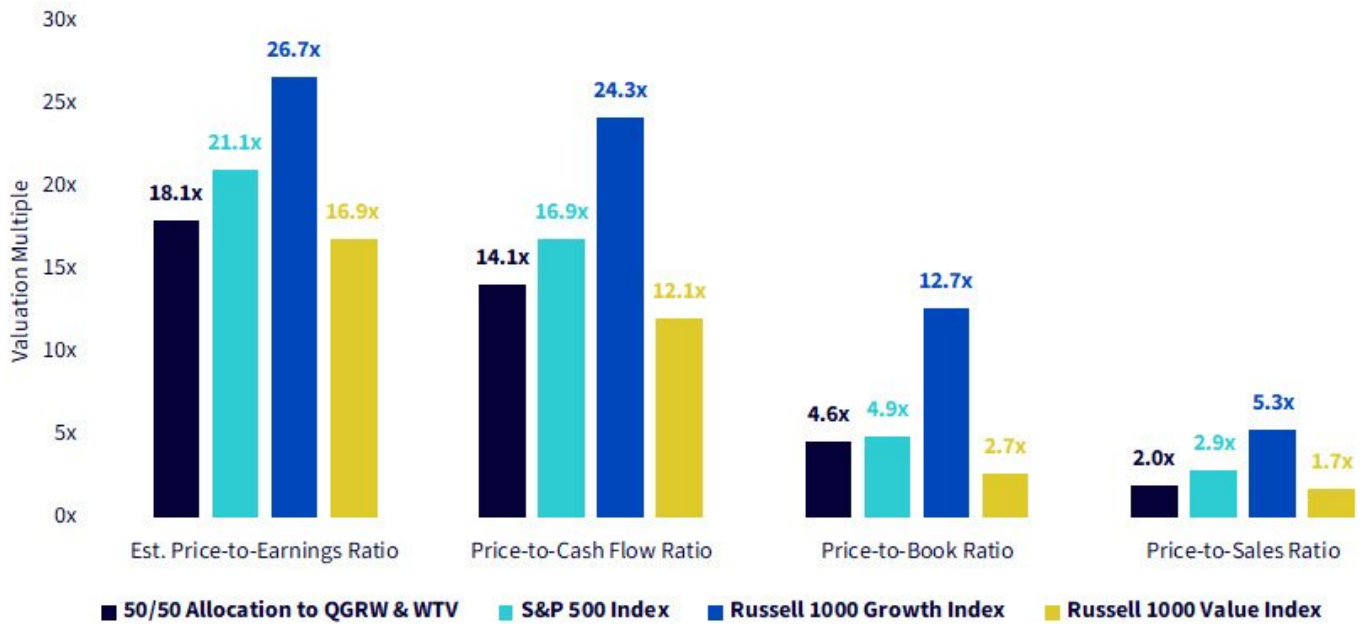


Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with exposures as of 4/10/25. **Subject to change.**

Long-Term Investing Demands a Dual Lens: Valuation and Quality

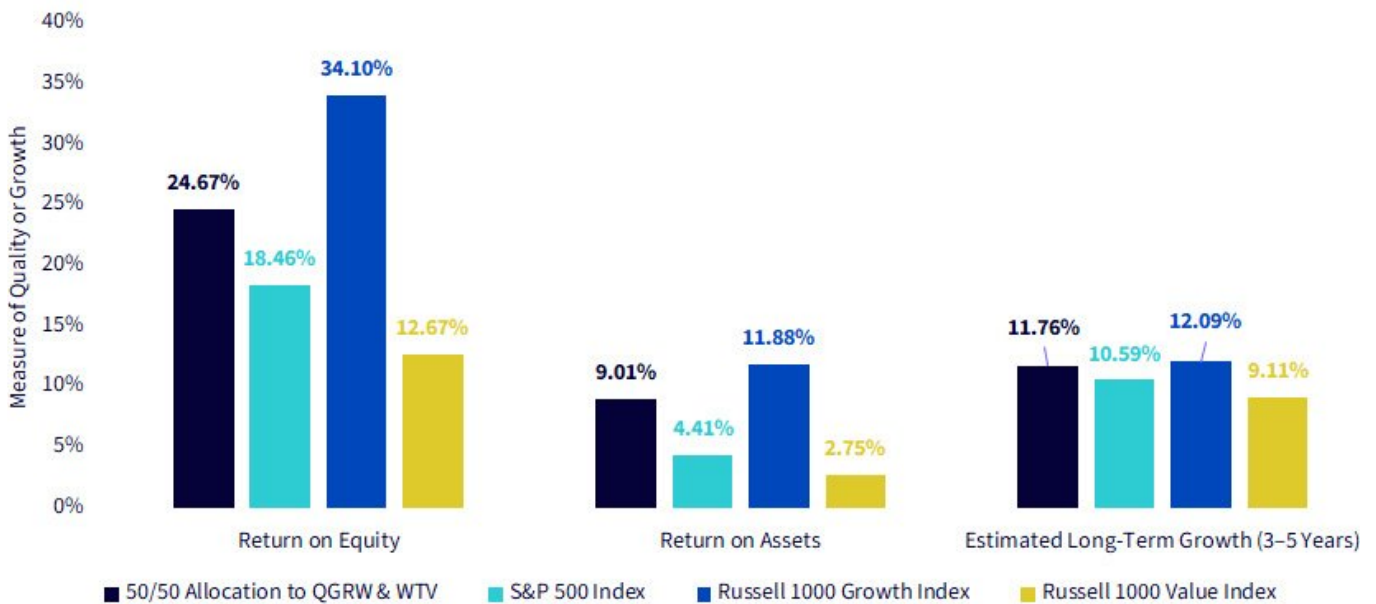
In a market environment that often swings between narratives—at times obsessing over stretched valuations, and at others rewarding high-growth, high-quality businesses—it's easy to lose sight of the fact that both dimensions matter over the long run. The 50/50 allocation to [QGRW](#) and [WTV](#) is engineered with this duality in mind. On the valuation side, the blend remains materially cheaper than the Russell 1000 Growth Index, as seen in figure 8, avoiding the high multiples that can compress under pressure. On the quality and growth front, it captures a meaningful share of the strong fundamentals associated with growth equities—such as high return on equity and robust long-term earnings growth—without forgoing the earnings efficiency and capital discipline often found in value names, as seen in figure 9. This approach acknowledges what many portfolios miss: long-term performance is not just about buying cheap or growing fast—it's about sustaining a balance between the two, especially across shifting market cycles.

Figure 8: Not Overpaying for Growth: A Balanced Valuation Advantage



Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with metrics as of 4/10/25. **Subject to change.**

Figure 9: Balanced Doesn't Mean Compromised: Strong Growth and Quality Metrics



Sources: WisdomTree, Morningstar, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/10/25 with metrics as of 4/10/25. **Subject to change.**

Conclusion: A Blueprint for Durable Equity Exposure

In a market defined by shifting regimes, concentration risk and narrative-driven extremes, the 50/50 allocation to [QGRW](#) and [WTV](#) offers something rare: structural balance without sacrificing upside. Across multiple lenses—total return, rolling performance, valuation discipline, sector neutrality and fundamental strength—the blend has demonstrated the ability to navigate both offense and defense. In a world where timing factor rotation is increasingly futile, durable portfolio construction starts with a blend that's built to respond to different environments.

1 Source:

<https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/>

2 Source: "Buy the dip: The trend that keeps stocks from crashing," The Economist, 5/6/25.

3 Source: "Buy the dip: The trend that keeps stocks from crashing," The Economist, 5/6/25.

4 Source: S. Subin, "The stock market got what it wanted from Trump," Barron's, 5/6/25.

5 Refers to Alphabet, Amazon.com, Apple, Microsoft, Meta Platforms, Tesla and Nvidia.

6 Source: A. Otani, "Why this market bounce won't hold," The Wall Street Journal, 5/6/25.

Important Risks Related to this Article

The illustration of the performance of the Model Portfolio shown above is historical and does not guarantee future results. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. Investment returns and the principal value of an investment in Funds included in the Model Portfolios will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Performance data current to the most recent month-end for a Fund included in the Model Portfolios may be obtained by visiting the respective Fund pages: [WTV](#), [QGRW](#).

WTV: Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund's investment process is expected to be heavily dependent on quantitative models, and the models may not perform as intended.

QGRW: Growth stocks, as a group, may be out of favor with the market and underperform value stocks or the overall equity market. Growth stocks are generally more sensitive to market movements than other types of stocks. The Fund is non-diversified; as a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets, and the Index may not perform as intended.

You cannot invest directly in an index.